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Codebank Limited

數碼庫有限公司

(incorporated in Hong Kong with limited liability)

ANNOUNCEMENT

The board of directors (the "Board") of Codebank Limited (the "Company") would like to inform shareholders that with respect to the proposal accepted by the Company from Top Edge as disclosed in the announcements of the Company dated 30 August 2002, 7 October 2002 and 28 November 2002, no formal agreement for the subscription of new shares in the Company has yet been entered into between the Company and Top Edge. Due to the expiration of the Memorandum of Understanding (the "MOU") entered between the Company and Top Edge on February 15, 2003, Top Edge has formally demanded the Company to repay the Earnest Money of HK\$2,775,300.77 by March 20, 2003 or to set a date for the executive of the subscription agreement.

A financial advisor (the "FA") was originally introduced to the Board by Top Edge as the Financial Advisor to advise Top Edge in the matter of the taking over of the Company. In December 2002, the Company was informed that the FA had yet to be appointed to advise Top Edge in respect of the proposal. The Board was quite concerned with this misinformation and is looking into this matter.

With respect to claims filed against the Group, the Group has currently received several claims and writs of summons against the Group, generally from former employees, and financial creditors and the aggregate amount of those claims is around HK\$15,000,000. The Company is now exploring solutions to and studying the validity of those claims.

The Board would also like to inform shareholders amongst those claims, that there is a Winding Up Petition filed by To Yuet Sing of Room 806, Wang Yat House, Lok Fu Estate, Kowloon Hong Kong who allegedly claimed that he is holding 180,000 of the Company's shares, and filed a claim to recover his investment loss in respect of his investment in the Company's shares and the petition is scheduled to be heard on March 26, 2003. The Board is now investigating such matter and the validity of the claim and the further announcement will be made.

With respect to current financial and operation of the Company, the Board would like to inform its shareholders that Group is in serious financial difficulty and the Board is now implementing a corporate reengineering program, such as reorganizing the business divisions, costing cutting as well as the downsizing exercise. In terms of business operations, the Group is continuing to carry out its business of providing information technology services to its customers. In order to generate revenues and cashflow during this difficult period, the Board is now implementing a series of corporate reengineering program, such as regrouping the Group's business operations and organization structure, cost cutting as well as the downsizing exercise. To motivate the productive employees, the

Board is discussing with some of the staffs in production divisions to amend the employment contracts executed between the Company and the staff, changing from a pure salary based approach to more of an incentive oriented type of arrangement.

With respect to the Judgment Debt as mentioned in the announcement of the Company dated 31 October 2002, the Company is currently still engaged in the negotiation process with the Judgment Creditors, aiming for a possible settlement. There were two garnishee orders granted to the Judgment Creditors by the High Court against two of the Company's bank accounts and there is only around HK\$11,000 cash involved in connection with such orders. Further announcement will be made on this matter when there is any significant development.

With respect to the Restructuring Proposal received by the Company from the Judgment Creditors on November 14, 2002 which the details have been disclosed in the Company's announcement dated December 20, 2002, because of the MOU between the Company and Top Edge expired on Feb 15, 2003, the Company is now negotiating with the Judgment Creditors on a possible Restructuring Proposal and there is no formal agreement has yet been reached.

In respect of the investigation on matters conducted by the special investigation committee (the "Committee") as disclosed in the announcement of the Company dated 28 May 2002 (the "Investigation"), the release of the result of the Investigation would be further delayed until sufficient funds are available to settle professional fees involved in the Investigation. The Board is also currently negotiating with the professional parties involved in connection with the Investigation to seek an agreement on the settlement of fees and the time of release of the Investigation report. Further announcement will be made on this matter when there is an agreement reached. One of the members of the Committee Mr. Ken Yue Kwai Wa has left the Company and accordingly, he will not be able to continue working on this assignment. However, Ms Lauren Lau, the Chairman of the Committee is still working on this assignment and her background was mentioned in the announcement on August 29, 2002.

Trading in the shares of the Company was suspended on 14 May 2002 and will remain suspended pending the completion of the Investigation as stated in the announcement of the Company dated 28 May 2002 and the release of the results of the Company and its subsidiaries respectively for the three months ended 31 March 2002, the six months ended 30 June 2002, the nine months ended 30 September 2002 and the twelve months ended 31 December 2002.

Update on Top Edge Proposal

With respect to the proposal accepted by the Company from Top Edge as disclosed in the announcements of the Company dated 30 August 2002 and 7 October 2002 and 28 November 2002, no formal agreement for the subscription of new shares has yet been entered into between the Company and Top Edge. Due to the expiration of the MOU, on 15 February 2003, Top Edge has formally demanded the Company to repay the Earnest Money of HK\$2,775,300.77 by March 20, 2003 or to set a date for the execution of the subscription agreement.

A financial advisor (the "FA") was originally introduced to the Board by Top Edge as the Financial Advisor to advise Top Edge in the matter of the taking over of the Company. In December 2002, the Company was informed that the FA had yet to be appointed to advise Top Edge in respect of the proposal. The Board was quite concerned with this misinformation and is looking into this matter.

Claims Against the Group and Winding Up Petition

With respect to the claims against the Group, the Group has currently received several claims and writs of summons against the Group, generally from former employees, suppliers and financial

creditors and the aggregate amount of those claims is around HK\$15,000,000. The Company is now exploring solutions to and studying the validity of those claims. The Board would like to inform shareholders that amongst those claims, there is a Winding Up Petition filed by To Yuet Sing of Room 806, Wang Yat House, Lok Fu Estate, Kowloon Hong Kong who allegedly claimed that he is holding 180,000 of the Company's shares, and filed to recover his investment loss in respect of his investment in the Company's shares and the petition is scheduled to be heard at March 26, 2003. The Board is now investigating such matter and the validity of the claim. Further announcement will be made in due course.

Current Financial Position and Operations of the Group

Currently, the Group is in serious financial difficulty and the Board is now implementing a corporate reengineering program, such as business divisions reorganizing, cost cutting as well as the downsizing exercise. As of the date of this announcement, the Group is currently employing 10 employees including 3 executive directors and 1 non-executive director, 4 technical staff and 2 operation staff. In terms of business operations, the Group is continuing to carry out its business of providing information technology services to its customers. Those information technology services include e-business such as web development, multiple access platform such as mobile phone value-added services business and the e-education business such as school e-mail services as well as maintenance of its software platform namely e-Campus. No significant further development cost is needed at the present moment since the required Internet platform and other related hardware are already in place. In order to generate revenues and cashflow during this difficult period, the Board is now implementing a series of corporate reengineering program, such as regrouping the Group's business operations and organization structure, cost cutting as well as the downsizing exercise. To motivate the productive employees, the Board is considering to amend some of the employment contracts executed between the Company and the staff, changing from a pure salary based approach to more of an incentive oriented type of arrangement.

Update on Judgment Debt Settlement

With respect to the judgment debt as mentioned in the announcement of the Company dated 31 October 2002, the Company is currently engaged in the negotiation process with the Judgment Creditors, aiming to reach a possible settlement. Further announcement will be made when there is any significant development. There were two garnishee orders granted to the Judgment Creditors by the High Court against two of the Company's bank accounts and there is only around HK\$11,000.00 cash involved in connection with such orders.

Group Restructuring Proposal Received by the Company from the Judgment Creditor

With respect to the Restructuring Proposal received by the Company from the Judgment Creditors on November 14, 2002 where the details of which have been disclosed in the Company's announcement dated December 20, 2002, because of the MOU between the Company and Top Edge expired on Feb 15, 2003, the Company is now negotiating with the Judgment Creditors in respect of the Restructuring Proposal and no formal agreement has yet been reached.

Further Delay in Release of Investigation Result

With reference to the announcement of the Company dated 29 August 2002, the special investigation committee (the "Committee") is expected to complete the investigation on matters disclosed in the announcement of the Company dated 28 May 2002 (the "Investigation") and to make recommendation to the Board on appropriate actions to be taken by the end of October 2002. The Board would like to inform its shareholders that the release of the result of the Investigation would be further delayed until sufficient funds to settle professional fees incurred in connection with the Investigation are available. The Company had consulted the Committee on December 2002 regarding the progress of the Investigation and the Company was advised that the Investigation was

nearly completed. The Board has been negotiating with the professional parties involved in the Investigation to seek an agreement on the settlement of professional fees in order to reach an earlier time of release of the Investigation report. Further announcement will be made on this matter when there is any agreement reached.

Additionally, one of the members of the Committee Mr. Ken Yue Kwai Wa has left the Company and accordingly, he will not be able to continue working on this assignment. However, Ms Lauren Lau, the Chairman of the Committee is still working on this assignment and her background was mentioned in the announcement on August 29, 2002.

Continued Suspension of Trading

Trading in the shares of the Company was suspended on May 14 2002 and will remain suspended pending completion of the Investigation as stated in the announcement of the Company dated May 28 2002 and the release of the results of the Company and its subsidiaries respectively for the three months ended March 31 2002, the six months ended June 30 2002, the nine months ended September 30 2002 and the twelve months ended December 31 2002.

By order of the Board
Codebank Limited
Cheng Yu Hong
Director

Hong Kong, March 10, 2003

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Codebank Limited. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. This announcement will remain on the “Latest Company Announcements” page on the GEM website for at least seven days from its date of publication.